

**SEPARATE STATEMENT OF
COMMISSIONER JONATHAN S. ADELSTEIN**

Re: Federal-State Joint Board on Universal Service; Highland Cellular, Inc., Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Virginia

Late last year, I had the opportunity to further outline my thoughts on the Commission's eligible telecommunications carrier (ETC) designation process and the role of the public interest in that process.¹ For the reasons discussed then, I support this Order responding to the petition of Highland Cellular to be designated as an ETC in the Commonwealth of Virginia. This Order, along with the recently released *Virginia Cellular Order*,² marks a significant improvement from past Commission decisions by more fully embracing the statutory public interest mandate.

Through these orders, we have provided a more stringent examination of the public interest and acknowledged that competition alone cannot satisfy the public interest analysis. Instead, we have weighed a variety of factors to assess the overall benefits and costs. We considered whether the applicant has made a commitment to service quality and will provide essential services in its community. We have also improved the accountability of the process by requiring ETCs to submit regularly documentation detailing their progress towards meeting their build-out plans and other commitments.

On February 27, 2004, after adoption of this *Highland Cellular Order*, the Federal-State Joint Board on Universal Service (Joint Board) released a Recommended Decision that further clarifies and strengthens the standards for designating ETCs and for assessing the public interest. I was pleased that the Joint Board recognized that establishing a meaningful public interest test and providing meaningful guidance on ETC designations will help limit federal universal service funding to those providers who are committed to serving rural communities. I have been pleased to hear reports that state commissions and other parties are using the new *Virginia Cellular Order* template in many state ETC proceedings. I am also encouraging the FCC and state commissions to embrace the Joint Board's approach as soon as possible.

Establishing a more meaningful public interest test is a critical first step in a larger effort to manage responsibly the growth of the universal service fund overall. I believe there are constructive actions we can take to make sure our universal service mandate is upheld while still ensuring that the fund does not grow dramatically. First, reforming the process for designating ETCs is essential. Second, funding new entrants based on their

¹ Commissioner Jonathan S. Adelstein, *Accessing the Public Interest: Keeping America Well-Connected*, Address Before the 21st Annual Institute on Telecommunications Policy & Regulation (Dec. 4, 2003) (<http://www.fcc.gov/commissioners/adelstein/speeches2003.html>).

² *Federal-State Joint Board on Universal Service; Virginia Cellular, LLC, Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Virginia*, CC Docket No. 96-45, FCC 03-338 (rel. Jan. 22, 2004) (*Virginia Cellular Order*).

own costs, rather than the costs of the incumbent, would more correctly align our rules with the statutory requirement that funds be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. And third, the Commission should explore frameworks to identify those very high-cost areas where it may be prohibitive to fund more than one ETC. These three key reforms, if carried out together, would measurably reduce fund growth without shortchanging Rural America.